

Message Text

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ORIGIN EA-14

INFO OCT-01 ISO-00 PRS-01 SS-20 INR-10 RSC-01 /047 R

DRAFTED BY EA/P:STAFF:PP

APPROVED BY EA/P:AHROSEN

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R 072201Z MAY 74

FM SECSTATE WASHDC

TO AMEMBASSY SAIGON

INFO ALL EAST ASIAN AND PACIFIC DIPLOMATIC POSTS

USSAG

CINCPAC

USCG

AMCONSUL BIEN HOA CAN THO

AMCONSUL DANANG

AMCONSUL HONG KONG

AMCONSUL NHA TRANG

USDEL JEC PARIS

XMT AMEMBASSY SUVA

AMEMBASSY RANGOON

UNCLAS STATE 094144

E.O. 11652: N/A

TAGS: PFOR, XC, US

SUBJECT: MAY 7 EA PRESS SUMMARY

INDOCHINA

1. MOST PAPERS FRONT-PAGE SENATE APPROVAL OF KENNEDY AMENDMENT THAT REJECTED 266 MILLION DOLS IN EXTRA MIL AID TO GVN THIS YEAR. RICH (WP) SEES MAJOR FOREIGN-POLICY DEFEAT FOR ADMIN , AFTER DOD AND WH AIDES LOBBIED INTENSIVELY AGAINST AMENDMENT. STENNIS OF SASC LED FLOOR FIGHT FOR ADMIN , SAID GVN WOULD RUN OUT OF SUPPLIES "VERY FAST" WITHOUT MORE FUNDS, BEGGED SENATE NOT TO USE AMENDMENT TO SUPPLEMENTAL AS VEHICLE FOR IMPORTANT FOREIGN-POLICY DECISION, BUT TO WAIT UNTIL FY 75 REQUEST COMES UP BEFORE TAKING STEP THAT COULD UNCLASSIFIED

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HARM SVN ARMED FORCES. STENNIS SAID US POLICY IS A "WINDING DOWN...NOT JUST A TURNING OUR BACK AND RUNNING OUT." BILL NOW GOES TO CONFERENCE; ADMIN SPOKESMEN SAY WILL STRIVE TO PERSUADE CONFEREES TO REJECT KENNEDY

ARGUMENT THAT EXTRA MONEY WAS "EVASION" OF CONGRESSIONAL CEILING, BELIEVED PROBABLY ILLEGAL BY GAO. CORDDRY (SUN) ADDS THAT DEBATE WAS REMINISCENT OF FORMER END-THE-WAR CONTROVERSY AND THAT VOTE ON CUT-OFF AMENDMENT WAS ALONG LIBERAL (FOR) AND CONSERVATIVE (AGAINST) LINES. QUOTES KENNEDY THAT IT IS TIME FOR US TO CHARTER NEW RELATIONSHIP WITH SVN AND GET OFF THE MORE-GUNS-AND-AMMO

"ROAD ... FOR AN ENDLESS WAR"; SAYS KENNEDY MADE PLAIN THAT HE OPPOSES ADMIN'S "PREFERENCE FOR FINANCING ARMIES" OVER HELPING TO HEAL THE WOUNDS OF WAR. CORDDRY COMMENTS THAT CONFERENCE COULD ALTER KENNEDY AMENDMENT. DOD SPOKESMAN SAYS COULD NOT YET ESTIMATE EFFECT OF DENIAL OF EXTRA FUNDS IF AMENDMENT UPHELD BY HOUSE.

2. MCCARTNEY (PHINQ) DESCRIBES SENATE STRUGGLE OVER AMENDMENT AS TENSE AND HARD-FOUGHT; SEES VOTE AS KENNEDY VICTORY AND "STINGING REBUKE" TO DOD AS WELL AS CLEAR MESSAGE THAT CONGRESS WANTS TO HOLD BACK SPENDING ON SVN. QUOTES "SENATE INSIDER" THAT FAILURE OF INTENSIVE ADMIN LOBBYING DUE TO A "WAVE OF EMOTION WHICH ... ADDED UP TO - LET'S GET THE HELL OUT OF VIETNAM." MCCARTNEY POINTS OUT THAT VP FORD "HUSTLED" INTO SENATE TO BREAK TIE IF NECESSARY, SEES SYMINGTON AS PLAYING CRUCIAL ROLE WHEN HE "SWITCHED" SUPPORT FROM SASC RECOMMENDATION TO KENNEDY AMENDMENT. FINNEY (NYT) SEES ACTION AS SERIOUS CONGRESSIONAL SETBACK TO ADMIN FOREIGN POLICY, SAYS SENATE BATTLE WAS OSTENSIBLY OVER DOD ACCOUNTING PROCEDURE BUT ACTUALLY CENTERED ON CONTINUING MIL AID TO GVN. QUOTES CONGRESSIONAL SOURCES THAT ADMIN LOBBIED HEAVILY TO DEFEAT AMENDMENT, POINTS TO PRESENCE OF FORD, "... SELDOM SEEN IN SENATE...", AS INDICATION OF IMPORTANCE OF VOTE. DOD AND ADMIN SUPPORTERS ON FLOOR HAD WARNED OF "GRAVE CONSEQUENCES" FOR SVN. FINNEY COMMENTS THAT WITH PRIOR HOUSE REFUSAL TO UNCLASSIFIED

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RAISE CEILING AND SENATE REJECTION OF "ACCOUNTING PROCEDURE", NO LEGISLATIVE WAY SEEMS OPEN FOR ADMIN TO INCREASE AID THIS FY. ALSO BELIEVES ADMIN MAY RUN INTO TROUBLE WITH FY 75 MIL AID TO SVN SINCE SASC HAS ALREADY CUT REQUESTED 1.6 BILLION CEILING TO 1.4 BILLION, AND MORE REDUCTIONS IN SENATE SEEM LIKELY. WSJ REPORTS THAT SECSTATE ARGUED STRONGLY FOR EXTRA MONEY TO HELP FULFILL CONTINUING US OBLIGATION, SEES SENATE VOTE AS "FINAL STOPPER" FOR DOD HOPES TO RAISE MIL AID CEILING FOR SVN THIS YEAR. OBSERVES THAT MANY OLD ARGUMENTS ON MERITS OF US INVOLVEMENT IN INDOCHINA REVIVED ON SENATE FLOOR, WITH MANSFIELD MAKING ANOTHER OF "HIS IMPASSIONED SPEECHES" FOR

TOTAL US WITHDRAWAL, AND THURMOND WARNING THAT AID
CEILING THREATENED TO LET ALL OF SEA "GO COMMUNIST."

3. NINETEEN BUDDHIST MONKS AND NUNS FOLLOW
MRS. NGO BA THANH IN MARCH THROUGH SAIGON MAIN
STREETS TO CALL FOR RELEASE OF POLITICAL PRISONERS

AND PEACE THROUGH "THIRD FORCE" GOVT., BUT STOPPED
BY POLICE EN ROUTE. BUDDHIST SOURCES SAY AN QUANG
LEADERS WARNED THANH AGAINST DEMONSTRATION BECAUSE
THEY DID NOT WANT DIRECT CONFRONTATION WITH GOVT (CSM).

4. SVN COMMAND REPORTS MORE FIGHTING ALONG KHMER
BORDER ABOUT 50 MILES WEST OF SAIGON, CLAIMS 103
NVN KIA (WP). COMMUNISTS OVERRUN 40-MAN GVN MILITIA
POST ON COAST 340 MILES NORTH OF SAIGON, OCCUPY HAMLET.
GVN TROOPS AND TANKS PUSH INTO TOWN FOUR MILES INSIDE
CAMBODIA IN PARROT'S BEAK AREA, AGAINST HEAVY
RESISTANCE. GVN COMMAND DENIES TROOPS IN CAMBODIA,
BUT OFFICERS SAY TROOPS SEE ROUTE 1 MARKINGS IN KHMER
(UPI, NYT).

5. VC AT SAIGON DENY FORCES SHELLLED DELTA SCHOOL,
CONTENT AREA GVN CONTROLLED AND FAR FROM COMMUNIST
UNITS. STATEMENT MADE TO NEWSMEN THROUGH INTERMEDIARY,
SINCE DIRECT ACCESS CUT OFF BY GVN. VC ADD THAT
GVN USING INCIDENT AS EXCUSE TO DEEPEN ISOLATION OF
VC DELEGATION AT TAN SON NHUT (NYT).
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6. GKR TROOPS AT LONGVEK RECAPTURE TRAINING CENTER
IN SHARP CLASH FOUR DAYS AFTER IT FELL TO COMMUNISTS
(WP, UPI, NYT). MIL SOURCES SAY INSURGENTS ATTACK
ISOLATED FANK UNITS ALONG ROUTE 4; MIL ANALYSTS
SEE THESE AND EARLIER ATTACKS AS REBEL MOVE TO KEEP
GKR FROM REOPENING ROAD TO KOMPONG SOM PORT. IN PP,
GKR AUSTERITY CAMPAIGN GOES INTO EFFECT, CLOSING
RESTAURANTS AND NOODLE SHOPS ON MONDAYS AND THURSDAYS
(AP, SUN).

7. CDN FROM PP REPORTS GROWING DIPLOMATIC CONCERN
THAT GKR MAY LOSE UN SEAT IN FALL AND BE REPLACED
BY GOVT-IN EXILE. CRUCIAL VOTE, WHICH COULD EMBARRASS
NUS AND AFFECT PROSPECTS FOR NEGOTIATED SETTLEMENT
OF WAR, IS EXPECTED WHEN CREDENTIALS OF GKR DELEGATE
CHALLENGED. SIMILAR CHALLENGE LAST YEAR POSTPONED
BY THREE-VOTE MARGIN AND RANKING WESTERN DIPLOMAT
SEES THIS YEAR'S VOTE AS ALSO VERY CLOSE. ANOTHER
OFFICIAL OBSERVER PREDICTS REBEL GOVT. WILL WIN UN
SEAT. BOTH SIDES HAVE MOUNTED DIPLOMATIC OFFENSIVES
TO BOLSTER POSITIONS AND GKR FONMIN KEUKY LIM IS IN
NY TRYING TO LINE UP SUPPORT WHILE MIL OFFICERS IN

CAMBODIA TRY DESPERATELY NOT TO LOSE MORE TERRITORY
(NY POST 5/6).

CHINA

8. REUTER PEKING REPORTS CHOU EN-LAI DECLARATION
AT WELCOMING RECEPTION FOR SENEGAL PRES. SENGHOR
THAT PORTUGUESE COUP D' ETAT WAS MAJOR VICTORY FOR
AFRICAN NATIONS ENGAGED IN VIOLENT STRUGGLE FOR
INDEPENDENCE. IN FIRST COMMENT BY PRC LEADER, CHOU
REITERATED CHINA'S SUPPORT FOR ARMED INSURRECTION
IN AFRICA (WP). REUTER REPORTS CHOU ALSO HIT OUT AT
BOTH SUPERPOWERS ACCUSING THEM OF TRYING DISRUPT
RECENT UN SPECIAL SESSION ON RAW MATERIALS. IN
INDIRECT BUT CLEAR REFERENCE TO MOSCOW, CHOU SAID
"ITS PERFORMANCE WAS ESPECIALLY DESPICABLE." IN
REPLY, SENGHOR -- FOURTH AFRICAN HEAD OF STATE TO
VISIT CHINA THIS YEAR -- SAID THAT DURING HIS STAY
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SENEGAL AND PRC WOULD CONCLUDE NEW AGREEMENT ON
SCIENTIFIC AND CULTURAL COOPERATION.

9. CONAKRY RADIO REPORTS PRC HAS GIVEN GUINEA
AN AGRICULTURAL RESEARCH STATION AND CHILD-CARE
CENTER; NOTES CHINA HAS ALREADY HELPED WITH RICE-
GROWING RESEARCH CENTER, TOBACCO, MATCH AND SUGAR
FACTORIES (AFP, WP).

10. MAKARIOS WILL LEAVE MAY 16 FOR PRC VISIT (WP).
PEKING PLACES 25 MILLION DOLLAR ORDER WITH DANISH
SHIPPING FIRM FOR EIGHT OIL-RIG SUPPLY SHIPS OF 739
DEADWEIGHT TONS EACH; FIRST ALREADY DELIVERED
(AFP, WP).

11. US ORDERS TEMPORARY EMBARGO ON IMPORTS OF
CONVERTIBLE GAME TABLES FROM TAIWAN AFTER TARIFF
COMMISSION REPORTS POSSIBLE PATENT INFRINGEMENT
AGAINST MAKER OF TABLES (JOC).

JAPAN

12. GAIMUSHO SOURCES SAID MONDAY THAT OHIRA WILL
PAY ONE-WEEK VISIT TO US STARTING MAY 18 FOR TALKS
WITH HAK (UPI, PHINQ).

13. LAT'S MORRISON (MAY 5), IN LA, REPORTS COMPLAINTS
BY JAPANESE-AMERICANS, WHO WERE STRANDED IN HIROSHIMA
OR NAGASAKI IN 1945 WHEN US DROPPED A-BOMBS, THAT
THEY STILL ARE BEING VICTIMIZED. JAPANESE CITIZENS
WHO SURVIVED ARE GIVEN CERTIFICATES AUTHORIZING
THEM TO RECEIVE FREE MEDICAL AID FROM GOJ; BUT

JAPANESE-AMERICANS REPORTEDLY ARE NOT ENTITLED TO

THIS HELP. ONE REPORTS "GROWING ATTITUDE IN JAPAN THAT A-BOMB SURVIVORS LIVING OUTSIDE JAPAN SHOULD NOT BE TREATED. THEY FEEL THERE ARE GOOD DOCTORS" IN US.

14. COLUMBIA U LAW PROF. MICHIKO ARIGA, FORMER JAPANESE FAIR TRADE COMMISSION MEMBER, TELLS SENATE ANTITRUST AND MONOPOLY SUBCOMTE GREATER AWARENESS UNCLASSIFIED

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OF CONSUMER INTERESTS IN JAPAN MAY LEAD TO STRONGER ANTI-TRUST LEGISLATION THERE; ADDS THAT "ADMINISTRATIVE GUIDANCE" PERFORMED BY MITI "IS TANTAMOUNT TO THAT OF A CARTEL ARRANGEMENT" (UPI, S-N MAY 6).

KOREA

15. CSM'S POND AND WP'S OBERDORFER, IN SEOUL REPORT ROKG HAS EFFECTIVELY SILENCED POLITICAL OPPOSITION AND STUDENT DISSIDENTS. OBERDORFER CITES CASE OF LINCOLN SCHOLAR AND BOSTON U. GRAD PROF. KIM DONG GIL WHO DELIVERED DROLL, SATIRICAL SPEECH ON SK "LIFE AND HUMOR" TO SEVERAL HUNDRED FRIENDS IN SMALL PUBLIC HALL APRIL 20, ARRESTED AND UNHEARD FROM SINCE. SAYS KIM'S SITUATION BECOMING INCREASINGLY COMMON-PLACE. ACCORDING US EMBASSY SOURCES, SK OBSERVERS BELIEVE TOTAL OF POLITICAL ARRESTS SO FAR THIS YEAR GOES WELL INTO THOUSANDS, WITH NO CHARGES FILED IN MOST CASES. ASSEMBLY, PRESS, SPEECH FREEDOMS ARE THINGS OF PAST IN SK, AS IS FREEDOM AGAINST ARBITRARY ARREST. FOR NOW, PARK'S TOUGH MEASURES SEEM TO HAVE HALTED POLITICAL FERMENT, BUT HE HAS NOT CHANGED HIS CRITICS' OPINIONS. THUS, RECURRENCE OF THEIR PROTEST MOVEMENT "IS PROBABLE, PERHAPS NEXT TIME WITH MORE DESPERATE MEANS THAN PETITIONS, PRAYER MEETINGS AND PEACEFUL DEMONSTRATIONS." POND FINDS CONFLICTING ASSESSMENT AMONG KOREANS. SOME FEEL STUDENT FRONT IS ENDED AND THAT PARK HAS BROKEN BACKS OF DISSIDENTS; BUT OTHERS BELIEVE PARK'S DAYS ARE NUMBERED AND THAT GOVT. ADMINISTRATION AND ARMY WILL BECOME INCREASINGLY DISCONTENTED WITH PARK'S EXCESSES.

THAILAND

16. REUTER BANGKOK REPORTS KIDNAPPERS OF TWO WOMEN MISSIONARIES (BRITON AND NEW ZEALANDER) IN THAI VILLAGE APRIL 23 HAVE DEMANDED US AND BRITAIN HALT ALL MIL AND ECON AID TO RTG AS PRECONDITION FOR CAPTIVES' RELEASE, ACCORDING POLICE. KIDNAPPER'S LETTER -- SIGNED BY POH YEH, CLAIMING TO BE LEADER

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OF MUSLIM SEPARATIST PATTANI LIBERATION FRONT --
ALSO DEMANDED RTG HALT "PERSECUTION" OF PATTANI
PEOPLE AND "LEGALIZE" THEIR STRUGGLE FOR INDEPENDENCE,
POLICE REPORT.

17. PRES. OF THAI MINING ASSN. SAYS SOUTHERN
INSURGENTS HAVE FORCED CLOSURE OF NUMEROUS TIN
MINES, AND MANY MORE ARE FACING TOTAL SHUTDOWN UNLESS
THEY PAY HUGE SUMS IN PROTECTION MONEY (AFP PHINQ).

PHILIPPINES

18. PHILIPS PETROLEUM REPORTS WHAT APPEARS MAJOR
OIL FIND IN SULU STRAIT OFF WESTERN TIP OF IRIAN
JAYA. WELLS FLOWED AT MORE THAN 12,000 BARRELS
DAILY AND RAISE HOPES OF TURNOVER STRIKES IN LARGELY
UNEXPLORED REGION OF INDONESIA (WSJ, WP).

AUSTRALIA

19. LAT'S LAMB, IN SYDNEY, FINDS WHAT BELONGS TO
"BYGONE ERA OF JOURNALISM IN OTHER CITIES AROUND
THE WORLD -- THE GREAT DAILY BATTLE BETWEEN
COMPETING AFTERNOON TABLOID NEWSPAPERS." NOTES
"TRAPS" SET BY "MIRROR" AND "SUN" IN FORM OF SCREAMING
HEADLINES, EXTRAVAGANT GIVEAWAY PROMOTIONS, STREET
POSTERS "AND COMPANY SPIES AND POLICIES WHICH PLACE
DISTINCTLY MORE EMPHASIS ON PRODUCT MARKETABILITY THAN
ON EDITORIAL CONTENT" (MAY 5).

COMMENT AND ANALYSIS

CHINA

20. IN TYPICALLY CONVOLUTED COLUMN, ZORZA NOTES
THAT SOME OF HAK'S CRITICS SUSPECT THAT HIS RECENT
"LEAK" TO RESTON INDICATING CONCERN OVER POSSIBILITY
OF SINO-SOVIET WAR WAS REALLY DESIGNED TO IMPLY THAT
THIS IS NO TIME FOR IMPEACHMENT. BUT HAK'S "PERIODIC
OUTBURSTS OF ALARM ABOUT A SOVIET ATTACK ON CHINA
PREDATE MR. NIXON'S TROUBLES." ZORZA SAYS THE US-
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PRC HONEYMOON IS OVER, CITING SUCH THINGS AS MASS
MEETINGS REHASHING GRISLY IMPERIALIST ATROCITIES
AGAINST CHINESE PEOPLE. WHEN FIRST SIGNS OF PRC
MOVING AWAY FROM WASHINGTON WERE EVIDENT LAST SUMMER,
HAK DISMISSED THEM. WHEN LEADERSHIP DEBATE BECAME

OBTAINING EMBITTERED, HAK ASKED FOR SPECIAL CIA ESTIMATE OF ITS POTENTIAL IMPACT ON US-PRC RELATIONS. CIA "AGAIN CONCLUDED THAT FOREIGN POLICY PLAYED NO MAJOR ROLE IN IT." ZORZA ARGUES THAT CIA IS WRONG AGAIN, AS GOVT. AND ACADEMIC EXPERTS HAVE BEEN MONUMENTALLY WRONG IN PAST ASSESSMENTS OF SINO-SOVIET RELATIONS. PRESENT REFUSAL TO ABANDON THE NEW CONVENTIONAL WISDOM COULD HAVE EQUALLY FAR REACHING REPERCUSSIONS ON FUTURE OF EAST-WEST RELATIONS (WP).

21. CSM'S GRULIOW IN MOSCOW REPORTS "NEW TIMES" RAISING PITCH OF SOVIET WAR OF WORDS WITH CHINA. MAGAZINE CHARGES THAT ANTI-SOCIALISM IS CORNERSTONE OF MAO'S FOREIGN POLICY, AND ALL OF PEKING'S ACTIONS AIM AT WEAKENING WORLD SOCIALISM. AUTHORITATIVE WEEKLY ALSO SAYS THAT FOR SEVERAL YEARS CHINA FRUSTRATED UNITED ACTION BY SOCIALIST BLOC IN SUPPORT OF NVN, TRIED TO DRIVE WEDGE BETWEEN SOCIALIST BLOC AND ARAB WORLD, GAVE DIPLOMATIC SUPPORT TO CHILEAN JUNTA. OUTBURST COMES IN WAKE OF PRC DETENTION OF SOVIET HELICOPTER AND ITS CREW, WHICH, MOSCOW SAYS, SET OUT TO HELP DISABLED FRONTIER GUARD BUT STRAYED OVER BORDER IN FOGGY WEATHER.

22. GLOBE AND MAIL'S JOHN BURNS IN PEKING REPORTS CHINA-WATCHERS Musing OVER LI TEH-SHENG'S PARTICIPATION IN SHENYANG MAY DAY CELEBRATION SINCE HE WAS OBJECT OF POSTER DENUNCIATION CAMPAIGN LAUNCHED SEVERAL WEEKS AGO. STARTLING RETURN MAY BE TAKEN AS FURTHER INDICATION THAT POLITICAL CLIMATE IN PRC, SO HIGHLY CHARGED DURING THE WINTER, IS BEGINNING TO COOL. BURNS THINKS THERE IS EVIDENCE THAT CAMPAIGN HAS ENTERED LESS MILITANT PHASE, WITH GREATER STRESS ON ORIGINAL IDEOLOGICAL THEMES AND AN EFFORT TO CONTAIN SCHISMS THAT BEGAN TO DEVELOP IN LATTER PART OF WINTER. UNCLASSIFIED

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OBSERVES THAT UNPRECEDENTED NUMBER (FOR RECENT YEARS) OF POLITBURO MEMBERS (21 OF 26) ATTENDED MAY DAY FESTIVITIES. WITH MAO IN SECLUSION AND AT LEAST 3 OTHER ABSENTEES KNOWN TO BE IN POOR HEALTH, IT WAS TO ALL INTENTS A FULL HOUSE. IT IS ALMOST CERTAIN THAT TURNOUT WAS INTENDED AS SIGNAL TO MASSES THAT PARTY LEADERSHIP PRACTICES WHAT PEOPLE'S DAILY, IN ITS MORE MODERATE TONE OF LATE, HAS BEEN PREACHING: UNITY AND RECONCILIATION (CSM).

23. LONDON TIMES DISPATCH (SUN) REPORTS CHANGE IN STATUS OF WOMEN IN CHINA IN LAST 25 YEARS. WHILE

STATUS OF WOMEN MORE EQUAL TO MEN THAN PRE-PRC DAYS,

WOMEN ARE UNDER-REPRESENTED IN MORE HIGHLY PAID PROFESSIONAL JOBS. ALSO CERTAIN LOWER-PAID JOBS ALMOST EXCLUSIVELY RESERVED FOR WOMEN. BECAUSE ALL WOMEN WORK, ONE MIGHT HAVE EXPECTED THAT DIVISION OF LABOR IN HOME WOULD BE FAIRLY EQUAL, BUT MANY CHINESE MEN CONFESSED THAT THEY LEFT MOST OF THE COOKING TO THEIR WIVES. CUSTOMS SUCH AS ARRANGED MARRIAGES APPARENTLY STILL EXIST IN SOME AREAS. SOME FAMILIES DEMAND PAYMENT FOR THEIR DAUGHTERS TO COMPENSATE FOR TRANSFER OF A WORKER TO HER HUSBAND'S FAMILY, WHILE SOME FAMILIES, BECAUSE SCHOOLING IS NOT COMPULSORY, ARE STILL SLACK ABOUT SENDING DAUGHTERS TO SCHOOL, KEEPING THEM AT HOME TO DO HOUSEWORK. HOWEVER, CP LEADERSHIP IS FIGHTING SUCH ATTITUDES.

24. SUN EXPRESSES VIEW THAT BOTH TAIWAN AND JAPAN HAVE GREAT POLITICAL AND ECONOMIC INCENTIVES TO RESTORE AIR CONNECTIONS SUSPENDED SINCE SIGNING OF SINO-JAPANESE CIVIL AIR AGREEMENT.

25. FROM TAIPEI, NYT'S BUTTERFIELD SEES TAIWAN THREATENED WITH LOSS OF ITS COMPETITIVE ADVANTAGE, WHICH HAD BEEN BASED ON CHEAP LABOR AND ABILITY TO MANUFACTURE INEXPENSIVELY FOR EXPORT. ACCORDING TO CHINESE AND US BUSINESSMEN, LARGE INCREASE IN PRICE OF OIL AND OTHER RAW MATERIALS COMBINED WITH 40 TO 50 PERCENT HIKE IN WAGES HAVE MADE SOME OF UNCLASSIFIED

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TAIWAN'S EXPORTS TOO EXPENSIVE FOR MARKETS IN JAPAN AND US. ORDERS FOR TEXTILES, WHICH MAKE UP HALF OF TAIWAN'S EXPORTS, AND B-W TELEVISION SETS, MAINSTAY OF BOOMING ELECTRONICS INDUSTRY, ALREADY HAVE BEEN CUT BACK. IN FIRST THREE MONTHS OF 1974, MORE THAN 400 BUSINESSES, MOSTLY SMALL SUBCONTRACTORS, WERE FORCED TO CLOSE. WHILE BUSINESSMEN AND GOVT OFFICIALS AGREE THAT TAIWAN'S COMPETITIVE ADVANTAGE HAS BEEN THREATENED, THERE IS DISAGREEMENT OVER WHETHER THIS IS TEMPORARY OR PERMANENT PROBLEM.

INDOCHINA

26. BOSTON H-A'S WALLACH (MAY 4) INTERVIEWS "TOP STATE DEPT OFFICIAL" WHO SAID USSR AND PRC HAVE LIVED UP TO "TACIT UNDERSTANDING" TO REDUCE FLOW OF ARMS TO NVN SINCE C-F, THUS CONTRIBUTING TO DROP IN HOSTILITIES THAT LAST YEAR REDUCED TOTAL VIET CASUALTIES TO ABOUT 50,000, OR THIRD OF AVERAGE FOR PREVIOUS FIVE YEARS. OFFICIAL ADDED, "WE HAVE

ASSUMED NEITHER THE SOVIET UNION NOR THE PEOPLES REPUBLIC OF CHINA WANT TO SEE A THIRD INDOCHINA

WAR OR WANT TO UNDERTAKE THE MASSIVE RESUPPLY THAT WOULD BE NEEDED." BUT HE WARNED THAT "LEVEL OF HOSTILITIES IS STILL HIGHER THAN IT SHOULD BE;" DESCRIBED NVN STRATEGY AS AIMED AT MAINTAINING "SUSTAINED LEVEL OF PRESSURE WITH ALMOST CONTINUAL PROBING FOR ADVANTAGES," POINTING OUT THIS DID NOT MEAN HANOI HAS EITHER CAPABILITY OR DESIRE TO LAUNCH NEW OFFENSIVE. RATHER, NVN AIMS TO SUSTAIN PRESSURE THROUGH SMALL-SCALE MILITARY COMBINED WITH "COST EFFECTIVENESS" POLICY OF SABOTAGING OIL REFINERIES AND KIDNAPPING POPULAR DISTRICT AND PROVINCIAL CHIEFS, THUS HOPING TO UNDERCUT POLITICAL STABILITY. OTHER GOALS ARE TO CONSOLIDATE "LIBERATED" AREAS OF SVN; TIE UP S VIET FORCES TO PREVENT "NORMALIZATION" OF BATTLEFIELD SITUATION; AGGRAVATE GRAVE ECON PROBLEMS CAUSED BY WITHDRAWAL OF US TROOPS.

SOURCE SAID HANOI PRIORITIES SEEM MORE DIRECTED
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TO SVN AND LESS TO LAOS AND CAMBODIA, ADDING, "THE NORTH VIETNAMESE WANT TO CONTROL THAT PART OF LAOS AND CAMBODIA NEEDED TO ATTACK SOUTH VIETNAM." AS RESULT, FIGHTING IN LAOS AND CAMBODIA HAD SOMEWHAT STABILIZED. US HOPE IS THAT KHMER ROUGE WOULD TIRE OF WAR AND AGREE TO NEGOTIATE COALITION GOVT. SOURCE DISCLOSED THAT THERE HAS BEEN "SOME" NVN WITHDRAWAL FROM PDJ BUT HANOI'S FORCES IN CAMBODIA STILL WERE AROUND 50,000 LEVEL.

UNDER LAOS ACCORDS HANOI HAS UNTIL JUNE 5 TO PULL OUT ALL ITS TROOPS. ADMIN OFFICIALS EXPLAIN THAT NEW LAOS GOVT SHOULD TAKE LEAD IN REQUIRING HANOI COMPLIANCE; US ALREADY IN PROCESS OF REDUCING ITS "ADVISER" CORPS FROM 200 TO 30. ALSO CITES US OFFICIALS AS SUSPECTING HANOI WOULD TRY TO SUBSTITUTE INDIGENOUS PL TROOPS FOR ITS OWN FORCES IN ORDER TO AVOID FULL COMPLIANCE WITH AGREEMENT. THEY SAID IT WAS UNLIKELY US WOULD TAKE LEAD IN TRYING TO FORCE HANOI COMPLIANCE.

27. PAUL SEITZ, BISHOP OF KONTUM, WRITES LETTER TO CSM EDITOR SAYING THAT MONTAGNARDS, WHOSE EXISTENCE IS THREATENED, ARE NOT EQUIPPED TO FIND THEIR PLACE IN "'CIVILIZED' WORLD." WAR HAS DECIMATED THEIR HOMES, SHATTERED THEIR FIELDS AND TEMPORARILY DESTROYED THEIR FAMILY LIFE; THEY ARE TRYING DESPERATELY TO REBUILD AND RE-ESTABLISH COMMUNITIES, BUT WITHOUT SOME FINANCIAL HELP THEY MAY NOT SUCCEED. SAYS WE CAN HELP BY BRINGING THEM THE BEST OF OUR CIVILIZATION:

MEDICAL SERVICES, TECHNICAL ADVICE, AND SCHOOLS WHERE THEY MAY LEARN HOW TO HELP THEMSELVES.

28. NYT'S GELB REPORTS US INTELLIGENCE COMMUNITY STILL SEEING STALEMATE AHEAD BETWEEN NVN AND SVN FORCES FOR AT LEAST ANOTHER YEAR. SEVERAL SOURCES SAY SAIGON FORCES HAD BIG LEAD AS OF JAN 1973, BUT HANOI FORCES ARE IMPROVING FASTER AND CLOSING GAP IN QUALITY AND QUANTITY OF ARMS AND MOBILITY. US OFFICIALS BELIEVE THAT SAIGON'S REAL PROBLEM FOR NEXT YEAR IS NOT LIKELIHOOD OF MAJOR COMMUNIST OFFENSIVE, UNCLASSIFIED

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BUT INFLATION WHICH COULD CREATE SERIOUS MORALE PROBLEMS AND UNDERMINE SUPPORT FOR GVN. THUS, NON-MILITARY FACTORS ARE SEEN BY INTELLIGENCE COMMUNITY AS CENTRAL TO OUTCOME OF RENEWED LARGE-SCALE FIGHTING. MEANWHILE, MIL SOURCES AND OTHER OFFICIALS SAY KEY MIL ISSUE WAS WHICH SIDE COULD BRING MORE COMBAT FORCES AND FIREPOWER TO BEAR ON PARTICULAR BATTLES. LATEST INTELLIGENCE REPORT LISTS COMMUNIST COMBAT FORCES IN SVN AT ABOUT 180,000, INCLUDING 30-40,000 VC. IN ADDITION, THERE ARE ABOUT 80,000 N VIET SOLDIERS IN CAMBODIA AND ABOUT 90,000 IN LAOS, AS WELL AS 50,000 IN RESERVE IN NVN. THEY ARE OPPOSED BY 360,000 ARVN, NOT INCLUDING FIGHTER AIRCRAFT AND HELICOPTERS. ARVN SPREAD THROUGHOUT COUNTRY DEFENDING VILLAGES AND HIGHWAYS TO CITIES; NVN FORCES ARE FREER TO CONCENTRATE IN SPECIFIC PLACES WHEN THEY READY TO FIGHT. SOURCES SAY SAIGON FORCES COULD STILL BE RUSHED INTO BATTLE WITH CHOPPERS TO MAINTAIN SUPERIORITY IN NUMBERS, BUT ADVANTAGE IN MOBILITY BEING OFFSET BY HANOI'S ROAD-BUILDING PROGRAM. OFFICIALS STRESS ESTIMATE OF INTELLIGENCE COMMUNITY THAT HANOI HAS STOCKPILED IN SVN 6 MONTHS TO TWO YEARS WORTH OF ARMS AND AMMO, MEASURED ACCORDING TO LEVEL OF 1972 FIGHTING. THEY INSIST THAT QUALITY OF US INTELLIGENCE IN SVN IS GOOD, SAYING "WE STILL HAVE ENOUGH PEOPLE SPREAD AROUND IN CONSULATES AND WE STILL INTERCEPT RADIO MESSAGES."

JAPAN

29. GLOBE'S CROCKER SNOW (MAY 6) IN TOBA WRITES STORY ON DECLINE - ATTRIBUTED TO OVERSUPPLY, CHANGING TASTES, POOR QUALITY CONTROL AND MAN-MADE POLLUTION - OF JAPAN'S PEARL INDUSTRY.

30. ATLANTA CONSTITUTION (APRIL 30) WELCOMES OFFICIAL

OPENING OF JAPANESE CONGEN THERE. NOTES CONGEN KAZUO CHIBA'S LAST TOUR WAS MOSCOW, WHERE HE SERVED AS MINISTER-COUNSELOR. SAYS ATLANTA'S ASPIRATIONS TO BECOME INTERNATIONAL CITY IN EVERY SENSE CAN

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ONLY BE ENHANCED BY OPENING OF NEW CONGEN. RUSH

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Control Number: n/a
Copy: SINGLE
Draft Date: 07 MAY 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Source: ADS
Document Unique ID: 00
Drafter: EA/P:STAFF:PP
Enclosure: n/a
Executive Order: N/A
Errors: n/a
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From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740588/abbrzcta.tel
Line Count: 548
Locator: TEXT ON-LINE, TEXT ON MICROFILM
Office: ORIGIN EA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 10
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: garlanwa
Review Comment: n/a
Review Content Flags:
Review Date: 23 OCT 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <23 OCT 2002 by martinml>; APPROVED <06 JAN 2003 by garlanwa>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: MAY 7 EA PRESS SUMMARY
TAGS: PFOR, XC, US
To: SAIGON INFO ALL EAST ASIAN AND PACIFIC DIPLOMATIC POSTS
USSAG
CINCPAC
USCG
BIEN HOA CAN THO
DANANG
HONG KONG

NHA TRANG
JEC PARIS
XMT SUVA
RANGOON

Type: TE

Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005